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AMENDMENTS TO LB 1090

(Amendments to E & R amendments, AM7202)

1 1. Insert the following new sections:

2 "Section 1. Section 77-2701.01, Reissue Revised Statutes
3 of Nebraska, is amended to read:

4 77-2701.01. Pursuant to section 77-2715.01, for all
5 taxable years beginning or deemed to begin on or after January 1,
6 1990, and before January 1, 1991, under the Internal Revenue Code
7 of 1986, as amended, the rate of the income tax levied pursuant to
8 section 77-2715 shall be three and forty-three-hundredths percent.
9 Pursuant to section 77-2715.01, for all taxable years beginning or
10 deemed to begin on or after January 1, 1991, and before January 1,
11 2004, and for all taxable years beginning on or after January 1,
12 2006, under the Internal Revenue Code of 1986, as amended, the rate
13 of the income tax levied pursuant to section 77-2715 shall be three
14 and seventy-hundredths percent. Pursuant to section 77-2715.01,
15 for all taxable years beginning or deemed to begin on or after
16 January 1, 2004, and before January 1, 2006, under the Internal
17 Revenue Code of 1986, as amended, the rate of income tax levied
18 pursuant to section 77-2715 shall be three and ninety-one
19 hundredths percent.

20 Sec. 2. Section 77-2715.02, Reissue Revised Statutes of
21 Nebraska, is amended to read:

22 77-2715.02. (1) Whenever the primary rate is changed by
23 the Legislature under section 77-2715.01, the Tax Commissioner

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1 shall update the rate schedules required in subsection (2) of this
2 section to reflect the new primary rate and shall publish such
3 updated schedules.

4 (2) The following rate schedules are hereby established
5 for the Nebraska individual income tax and shall be in the
6 following form:

7 (a) The income amounts for columns A and E shall be:

8 (i) \$0, \$2,400, \$17,000, and \$26,500, for single returns;

9 (ii) \$0, \$4,000, \$30,000, and \$46,750, for married filing
10 joint returns;

11 (iii) \$0, \$3,800, \$24,000, and \$35,000, for
12 head-of-household returns;

13 (iv) \$0, \$2,000, \$15,000, and \$23,375, for married filing
14 separate returns; and

15 (v) \$0, \$500, \$4,700, and \$15,150, for estates and
16 trusts;

17 (b) The amount in column C shall be the total amount of
18 the tax imposed on income less than the amount in column A;

19 (c) The amount in column D shall be the rate on the
20 income in excess of the amount in column E;

21 (d) For taxable years beginning or deemed to begin before
22 January 1, 2003, under the Internal Revenue Code of 1986, as
23 amended, the primary rate set by the Legislature shall be
24 multiplied by the following factors to compute the tax rates for
25 column D. The factors for the brackets, from lowest to highest
26 bracket, shall be .6784, .9432, 1.3541, and 1.8054;

27 (e) For taxable years beginning or deemed to begin on or

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1 after January 1, 2003, and before January 1, 2004, and for taxable
2 years beginning or deemed to begin on or after January 1, 2006,
3 under the Internal Revenue Code of 1986, as amended, the primary
4 rate set by the Legislature shall be multiplied by the following
5 factors to compute the tax rates for column D. The factors for the
6 brackets, from lowest to highest bracket, shall be .6932, .9646,
7 1.3846, and 1.848;

8 (f) For taxable years beginning or deemed to begin on or
9 after January 1, 2004, and before January 1, 2006, under the
10 Internal Revenue Code of 1986, as amended, the primary rate set by
11 the Legislature shall be multiplied by the following factors to
12 compute the tax rates for column D. The factors for the brackets,
13 from lowest to highest bracket, shall be .6932, .9646, 1.3846, and
14 1.7487;

15 (g) The amounts for column C shall be rounded to the
16 nearest dollar, and the amounts in column D shall be rounded to
17 hundredths of one percent; and

18 ~~(g)~~ (h) One rate schedule shall be established for each
19 federal filing status.

20 (3) The tax rate schedules shall use the format set forth
21 in this subsection.

22	A	B	C	D	E
23	Taxable income	but not	pay	plus	of the
24	over	over			amount over

25 (4) The tax rate applied to other federal taxes included
26 in the computation of the Nebraska individual income tax shall be
27 eight times the primary rate.

1 (5) The Tax Commissioner shall prepare, from the rate
2 schedules, tax tables which can be used by a majority of the
3 taxpayers to determine their Nebraska tax liability. The design of
4 the tax tables shall be determined by the Tax Commissioner. The
5 size of the tax table brackets may change as the level of income
6 changes. The difference in tax between two tax table brackets
7 shall not exceed fifteen dollars. The Tax Commissioner may build
8 the personal exemption credit and standard deduction amounts into
9 the tax tables.

10 (6) The Tax Commissioner may require by rule and
11 regulation that all taxpayers shall use the tax tables if their
12 income is less than the maximum income included in the tax
13 tables.".

14 2. On page 4, after line 18 insert the following new
15 subsection:

16 "(10) The State Treasurer, at the direction of the budget
17 administrator of the budget division of the Department of
18 Administrative Services, shall transfer the following amounts from
19 the General Fund to the Cash Reserve Fund to reflect the income tax
20 increase provided in sections 77-2701.01 and 77-2715.02, as amended
21 by this legislative bill:

22 (a) Forty-three million three hundred five thousand
23 dollars on or before June 30, 2005;

24 (b) Fifty million six hundred ninety-four thousand
25 dollars on or before June 30, 2006; and

26 (c) Ten million fifty-five thousand dollars on or before
27 June 30, 2007.".

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- 1 3. On page 5, line 1, after "sections" insert
- 2 "77-2701.01, 77-2715.02," and after "81-179" insert a comma.
- 3 4. Renumber the remaining sections accordingly.